

AUDIT PROCESS
OF THE
TRIBAL NATION GRANT FUND PANEL

ARTICLE I

PURPOSE

The purpose of this Audit Process is to set forth the process by which the Tribal Nation Grant Fund (“**TNGF**”) Program will audit grants for compliance with applicable laws, regulations, policies and procedures in order to protect and promote the integrity of the TNGF Program and to ensure that it achieves its statutory objectives.

ARTICLE II

PROCESS

A. Awardee Reports.

Grant awardees shall submit reports to the TNGF Program in compliance with the requirements of each awarded grant and all applicable laws, regulations, policies and procedures.

B. Staff Review.

Upon receipt of a final report, or within thirty (30) days of the deadline to submit a final report, for an awarded grant, TNGF Staff shall conduct a preliminary review of the report(s) submitted, the original grant application and all addenda.

Once TNGF Staff have performed an initial review, they shall then do either of the following:

- (1) If the grant documents, taken together, indicate compliance with all applicable laws, regulations, policies, procedures and grant requirements, TNGF Staff shall close out the awardee's grant, notify the awardee tribe that the grant is complete and no further action is required and report the grant as complete to the TNGF Panel in the next regularly scheduled meeting. The TNGF Program shall retain records for a period of three (3) years from the date the grant award was determined complete.
- (a) If, for good cause, the TNGF Program is notified of potential noncompliance for a completed grant within a period of three (3)

years from the date the grant award was determined complete, TNGF Staff shall flag the grant award for further review by the TNGF Panel, detailing the reasons for flagging the grant as well as the severity of the potential noncompliance and shall allow the TNGF Panel a minimum of fourteen (14) days to review potential noncompliant grants before the next regularly scheduled meeting. The award will then undergo review by the Panel as outlined in Section C of this Article.

- (2) If the grant documents, taken together, indicate potential noncompliance with applicable laws, regulations, policies, procedures and/or grant requirements, TNGF Staff shall flag the grant award for further review by the TNGF Panel, detailing the reasons for flagging the grant as well as the severity of the potential noncompliance and shall allow the TNGF Panel a minimum of fourteen (14) days to review potential noncompliant grants before the next regularly scheduled meeting.

C. Panel Review.

TNGF Staff shall notify the TNGF Panel of any potential noncompliant grants that will undergo Panel consideration at the next regularly scheduled meeting and shall allow the TNGF Panel a minimum of fourteen (14) days to review such grants, the reasons for flagging the grant(s) as well as the severity of the potential noncompliance.

The TNGF Panel shall consider each potential noncompliant grant in Closed Session and make a determination as to whether each should be considered complete or undergo an Audit pursuant to Section D of this Article.

- (1) For potential noncompliant grants that will undergo an Audit, the TNGF Panel shall indicate the level of severity of the potential noncompliance as Low (e.g., typos, accounting errors, missing documents), Moderate (e.g., allocation to programs not authorized by the Panel but still potentially compliant with laws, regulations, policies, procedures and grant requirements) or High (e.g., misappropriation of funds, noncompliance with law, etc.).

Based on the determination of the TNGF Panel, TNGF Staff will notify each awardee tribe for a flagged grant that either (i) the grant is complete and no further action is required or (ii) the grant will undergo an Audit pursuant to this TNGF Audit Process.

D. Audit.

Bureau of Gambling Control (BGC) Staff shall conduct Audits upon the authorization of the TNGF Panel.

- (1) Prioritization. BGC Staff shall prioritize Audits as follows: Low, Moderate, High. The purpose for this prioritization is that grants with low-risk potential noncompliance should be processed as quickly as possible to ensure that awardee tribes are deemed eligible or non-eligible for the next TNGF grant opportunity. Grants with moderate- or high-risk potential noncompliance will take more time to process; and given the potential severity of the noncompliance, the potential harm of awardee tribes' continued non-eligibility for the next TNGF grant opportunity is reduced in comparison with awardee tribes with low-risk potential noncompliance.
- (2) Timeline. The timeline for Audits will vary depending on the complexity of verification work performed and responsiveness of grant awardees, as higher-risk potential noncompliance may take more time to process. For grants with low-risk potential noncompliance, the timeline may be considerably shorter.
- (3) Process. BGC Staff shall use the following process for auditing potential noncompliant grants:
 - (a) BGC Staff will initiate communication with the grant awardee, requesting all information needed to verify grant compliance.
 - (i) Depending on the method of recordkeeping and the verification needed, BGC Staff may set up a time to visit grant awardees to collect non-digitized records or confirm project completeness; however, verification may be done electronically if all required information can be easily accessed.
 - (b) BGC Staff will draft a report of findings based on communication and information provided by the grant awardee.
 - (c) BGC and TNGF Staff shall then review the draft report of findings and request any follow up information needed or action to be performed by BGC Staff to ensure report completeness.
 - (d) BGC Staff shall finalize the report and submit the report of findings for review by the TNGF Panel.

E. Panel Review of Audit Findings.

The TNGF Panel shall perform a review of all Audit reports of findings during Closed Session of a regularly scheduled Panel Meeting. Depending on the findings, the TNGF Panel may:

- (1) Determine that the grant is complete, no further action is required based on additional information obtained during the Audit process, and reinstate the relevant Tribe's eligibility for future TNGF grant opportunities;
- (2) Recommend actions for the grant awardee to cure noncompliance and a time certain that actions must be taken by in order to reinstate the relevant Tribe's eligibility for future TNGF grant opportunities; or
- (3) Determine that the grant is not compliant with applicable laws, regulations, policies, procedures and/or grant requirements and direct the TNGF Program to initiate the return to the fund of any amount of a grant not encumbered or expended in compliance with such laws, regulations, policies, procedures and/or grant requirements pursuant to Section 12019.75(d) of the Government Code.

F. Disputes.

A grant awardee tribe may dispute Audit reports of findings during the Closed Session of the regularly scheduled meeting at which the TNGF Panel shall review such findings. The grant awardee Tribe may present to the TNGF Panel and submit all information relevant to the TNGF Panel's final determination of compliance, though it is strongly recommended that this information be provided to BGC Staff during the Audit process to prevent discrepancies and/or disputes with the Audit report of findings.

G. Final Determination of Compliance.

The TNGF's Panel's determination pursuant to Section D of this Article shall be final, except as provided under Section B(2) of this Article. Grant awardee tribes shall have no right of appeal to the Panel or any other authority, except as otherwise provided by law.

ARTICLE III

ELIGIBILITY FOR FUTURE GRANT FUNDS

A. Noncompliant Grant Awardee Non-Eligibility for Future Grants.

Grant awardee tribes with noncompliant grants and/or adverse grant findings shall be ineligible for future TNGF grant opportunities as provided under the requirements of those grants.

B. Non-Eligibility for Future Grants for Outstanding Funds.

Grant awardee tribes with noncompliant grants shall be ineligible for future TNGF grant opportunities until the final return to the fund any amount of a grant not encumbered or

expended in compliance with applicable laws, regulations, policies, procedures and/or grant requirements pursuant to Section 12019.75(d) of the Government Code.